

**STATE OF MICHIGAN  
DEPARTMENT OF LABOR & ECONOMIC GROWTH  
OFFICE OF FINANCIAL AND INSURANCE SERVICES**

**Before the Commissioner of the Office of Financial and Insurance Services**

**In the matter of:**

**Timothy M. Schroeder  
License No.**

**Enforcement Case No. 05-3807  
Docket No. 2006-9  
Agency No. 05-513-L**

**Respondent**

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Issued and entered  
on February 14, 2006  
by Linda A. Watters  
Commissioner

**CONSENT ORDER AND STIPULATION**

**A. FINDINGS OF FACT AND CONCLUSIONS OF LAW**

The staff of the Office of Financial and Insurance Services ("OFIS") alleges that the following facts are true and correct:

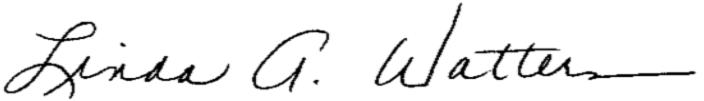
1. At all pertinent times, Timothy M. Schroeder, ("Respondent"), was a licensed resident producer authorized to transact business in the State of Michigan with qualifications in life and accident and health insurance.
2. Respondent is located at 702 Third Street, SE, Conover, North Carolina 28613.
3. Respondent was employed by Midland National Life Insurance Company ("Midland") until he was terminated for cause on April 6, 2005.
4. On September 9, 2004, Respondent issued a Midland National Life fixed annuity to XXXXXXXXXXXXXXXXXXXXXXXX. Respondent received a commission of \$900.00 for the policy.
5. On October 14, 2004, XXXX cancelled her fixed annuity policy with Midland National Life and the \$10,000 premium was returned by Midland.

6. Midland National sent Respondent 3 letters asking him to contact XXXXXXXXXX of Midland National or to pay the \$900.00 commission to Midland National.
7. As of July 21, 2005, Respondent has not returned the \$900.00 commission plus \$65.10 in interest.
8. As a licensed resident producer, Respondent knew or had reason to know that Section 1207(1) of the Insurance Code mandates that an agent shall be a fiduciary for all money received or held by the agent in his or her capacity as an agent. Failure by an agent in a timely manner to turn over the money which he or she holds in a fiduciary capacity to the persons to whom they are owed is prima facie evidence of violation of the agent's fiduciary responsibility.
9. As a licensed resident producer, Respondent knew or had reason to know that Section 1207(2) mandates that an agent shall use reasonable accounting methods to record funds received in his or her fiduciary capacity including the receipt and distribution of all premiums due each of his or her insurers. An agent shall record return premiums received by or credited to him or her which are due an insured on policies reduced or canceled or which are due a prospective purchaser of insurance as a result of a rejected or declined application.
10. Respondent further knew or had reason to know that Section 1239(1)(d) of the Insurance Code provides that the Commissioner may revoke an insurance producers license for improperly withholding, misappropriating, or converting any money or property received in the course of doing insurance business.
11. Based on Respondents failure to return the payment of the commission he received when XXXXXX insurance policy was cancelled, Respondent violated Sections 1207(1), (2), and 1239(1)(d) of the Insurance Code, therefore subjecting Respondent's license to revocation and/or a civil fine pursuant to Sections 1239 and 1244 of the Insurance Code.

### **B. ORDER**

Based on the findings of fact and conclusions of law above and Respondent's stipulation, it is **ORDERED** that:

1. Respondent shall immediately cease and desist from operating in such a manner as to violate Section 1207(1) and (2), and 1239(1)(d) of the Michigan Insurance Code, MCL 500.1207(1), and (2), and 500.1239(1)(d).
2. Respondent's license(s) and authority are hereby **REVOKED**.

  
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Linda A. Watters  
Commissioner